

- **Belmont Warrant Committee Meeting Minutes**

- **FINAL**

- **March 2, 2011, 7:30 p.m.**

- **Chenery Community Room**

- Present: Chair Allison; Members Baghdady, Becker, Brusch, Callanan, Epstein, Grob, Libenson, Lynch, Manjikian, Sarno, Smith; BOS Chair Jones; School Committee Chair Rittenburg

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- Town Administrator Younger and Town Accountant Hagg

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- Members Absent: Dash, McHugh, and Millane

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- The meeting was called to order at 7:30 pm by Chair Allison.

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- Chair Allison began by turning to the first item on the agenda.

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- ***Introduction of New Member***

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- Chair Allison introduced the WC's newest member: Mr. Sami Baghdady. Chair Allison informed the WC that he is a life-long Belmont resident and father of five. He is a lawyer, is trained in economics, and is the Chair of the Planning Board. He has been assigned to the consolidation subcommittee.

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- ***Presentation by Assessors***

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- Chair Allison noted that, last week, the WC observed that there was a reduction in the cash release from the overlay account; it was suggested that tax revenue collection is slightly slowed down and that there are court cases that money is being kept aside for. Chair Allison reported that she spoke with Town Treasurer Carman and he offered the following insights on tax collections: as of June 30, 2011, he expects the outstanding tax collection balances to be between \$50-75K. Chair Allison said that this does not constitute a significant decrease in tax collections. Mr. Carman said there has been a decline in the number of people who pay their tax bill in its entirety, on time, but he has created payment plans for these residents.

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- Mr. Bob Reardon, Chair of the Board of Assessors, approached the table and provided an overlay overview. The overlay is the amount of money that covers exemptions and also covers the senior work-out program, as well as abatements for appeals which are filed against Belmont. He mentioned that there are Verizon cases pending for which money is being withheld. He explained that it is necessary to hold money in reserve for such legal cases. In FY11, the overlay was reduced by \$200K to help balance the budget.

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- Member Epstein asked about the \$600K that remains in the overlay account. Mr. Reardon said that the \$576K is a conservative amount for the overlay account. He said if there are not adequate reserves, the town will have to deal with that deficit. Member Baghdady asked about residential abatements. Mr. Reardon said it happens sometimes, but not too often. Mr. Reardon said they look at each case as well as the outstanding tax revenues. What isn't collected in tax revenue is held against the overlay reserve. This impacts what can be released. It's difficult to predict what can be released from the overlay account, he said, and the DOR oversees this process as well. There are old cases still pending. He reviewed past overlay amounts from prior years. There is now about \$400K in the overlay account (i.e., excluding the Verizon reserves). Member Bruschi asked about the court cases: what is the track record on success? He answered that Belmont prevails a little more than half of the time. Member Libenson asked for clarification about the numbers. Mr. Reardon explained the allocation for the money in the overlay account. He noted that the decision to allow residents payment plans for the past year (rather than seeking a tax lien) reduced the amount of cash that can be released from the overlay, since payment plans are classified as unsecured loans and thus must be reserved against.

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- Chair Allison noted that an accurate revenue number is important and that the estimate needs to be revised based on less coming from this account than previously expected. Town Accountant Hagg noted that the Assessors cannot release funds early. She added that the piece of information that was not known in September was the \$200K related to the Verizon case and the number of payment plans.

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- ***Discussion of FY2012 Budget and Process***

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- ***WC Communications Update***

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- Chair Allison began with a Public Communication update. She reminded the WC that the issue of the WC improving its communication with the public was raised at a recent meeting. Member Grob has been working on this issue and the WC has a new mailbox from which to receive email from the residents: WCPublic@belmont-ma.gov. She informed the WC how to receive email from this site. She said that, while each email will not be responded to, they will be grouped by topic and discussed at future WC meetings. The WC discussed when and if to respond to emails. Member Grob suggested an automatic email reply explaining the process of this being discussed at a future meeting. Chair Allison said that, while she envisions grouping emails under like topics, she does not envision WC members responding to individual emails. SC Chair Rittenburg noted that she can respond to many questions regarding the Schools by directing the person making the inquiry to the proper source on an existing website or publication.

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- Chair Allison said that this process will be adjusted as it goes along depending upon how many emails the WC receives. She thanked Member Grob for moving this issue forward.

- SC Member Graham (from the audience) reminded the WC about the Open Meeting Law. Mr. Smith responded that he did not believe that the process as envisioned by the WC would raise Open Meeting issues.

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- ***WC Budget Report Topics***

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- Chair Allison noted that, based on the emails she has received, it has become clear that there is widespread confusion on some topics, e.g., Prop. 2 ½, different kinds of budgets, etc. To that end, Chair Allison created (and distributed) a *Very Short Briefings* hand-out which outlines topics that may require further elucidation for the public. She outlined a possible format for discussing these topics, which includes a short quiz and then is followed by a two-page document explaining the topic. It is intended that these two-page reports will be put in the back of the WC's budget report for TM.

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- The WC discussed the various scope of the topics that may be covered. Member Lynch recommended that these topics be addressed as a stand-alone document to be put on the website and not included on the WC report. SC Chair Rittenburg suggested a summary document that would include references and links to other sources to receive more detailed information; there is already so much information out there on each of these topics.

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- ***Cost Drivers***

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- Chair Allison said that this topic will need to be addressed, as costs are growing faster than revenues and are also growing faster than inflation. We will need to understand what is driving the costs and we will begin with the “big” numbers, she said. We will also need to see how fast a cost is increasing on a year-to-year basis. Compensation numbers as cost drivers are complicated to get a handle on and complicated to separate out. The WC will need to look to see if the rate that costs increase from year to year is a function of the price increase and productivity. Unit costs are what drives the budget, not gross price increases.

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- Compensation, she continued, comes in many different varieties in the public sector. There are different types of compensation increases: merit, step, lane, annuities, stipends, etc. Compensation almost has to be analyzed on an employee-to-employee basis. Much compensation is deferred compensation, e.g. pensions and OPEB benefits. Also, we will need to know where individual people are in the schedule of increases (e.g., the school's “steps and lanes”). Chair Allison distributed a handout of the teacher steps and lanes salary scale, which clearly demonstrates the complexity of the compensation package.

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- Once this is known, Chair Allison noted, we will be able to systematically consider the issue of cost control. How are these costs controlled? Are all costs controllable, she asked? Chair Allison said yes, these costs are controllable, but it takes diligence, discipline, dedication, and innovation.

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- The WC will look at cost drivers other than compensation, but they may be of less significance due to the law of weighted averages. Town Accountant Hagg asked if pension, health care, worker's comp, etc. are included in compensation? Chair Allison answered, yes, they are all in there.

- The WC briefly discussed how to tackle this particular cost driver. Member Sarno mentioned that the data would need to be disaggregated. Each stream will need to be analyzed, thus making this a formidable undertaking for this year. Member Libenson noted even more areas that could be analyzed: sick days, overtime, vacation, etc.

Good Budget News

- Town Accountant Hagg noted that it has been confirmed that the health insurance fund could go to 5%, which amounts to a savings of \$35K for town and \$55K for schools. BOS Chair Jones noted that the electricity rates would likely be reduced in the future due to the fact that the cost of electricity generation has gone down.

WC Calendar and Key Dates

- Chair Allison asked Subcommittees for a status update. Subcommittee Chairs provided brief updates on the status of their meetings and their report efforts. Member Epstein requested updated building service costs. Chair Allison said the WC would receive it at the end of the week.

Key Dates:

- March 9 – the draft subcommittee reports are due
- March 23 – the oral presentation of subcommittee reports are due
- March 30 – the written subcommittee reports are due

- Generally, the draft reports on the 9th may be a challenge for various subcommittees.

An Elucidation of Budget Numbers

- BOS Chair Jones said he would like to have a joint meeting with the WC and the SC to discuss the revenue and costs issues. He said he would like to have a “fact-based discussion on budget numbers that can be seen, understand and explained.” Chair Allison said the 23 of March seems like the appropriate time to have this meeting. SC Chair Rittenburg said that the SC would also like to hold a joint meeting (WC, SC, BOS) to discuss the gaps in level service and mission critical and available revenue budgets. BOS Chair Jones, she continued, has said that this meeting should wait. Rittenburg said she is concerned that there will not be sufficient time to vote on a budget for TM. Member Callanan asked how is this year different from any other year? BOS Chair Jones replied that the nature of the cuts this year are draconian and that parents are afraid and deeply concerned. Jones said he would like to know if we are heading in the direction of those

steep cuts, or are we not. Member Smith offered that the WC process is designed to understand and analyze the budgets for the TM report. If there are draconian cuts, he asked, what can be done? Smith continued: we either accept the draconian cuts, or we request that an override be put on the ballot, or we can revisit the reallocation of town/school funding.

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BOS Chair Jones said that what he really wants to know is – are the estimates used in the budgets realistic? For example, the out-of-district placements budget number seems very high. Member Bruschi said there are a lot of unknowns, especially this year, relating to compensation. BOS Chair Jones suggested that a budget is created which includes no compensation increases across the board (town and schools). The number saved in that budget is estimated at \$700-800 town-wide, Jones said. A discussion of the challenges of creating a new budget within the next three weeks followed.

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SC Chair Rittenburg said that, when the ‘allocation of funding’ discussion happened at the WC table last November, it was termed a “preliminary allocation” which would be revisited down the road – if so, when could that review occur, given the timing of the report deadlines and TM? Alternatively, she asked, is it really a final allocation? Member Smith suggested that the topic of the allocation be added to next week’s agenda to allow further discussion. Chair Allison agreed to do so.

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Wrap-up/Adjournment

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BOS Chair Jones moved to adjourn at 9:43 pm.

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Member Callanan provided the meeting summary.

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Submitted by Lisa Gibalerio
WC Recording Secretary

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